United Nations A/56/887/Add.5

General Assembly

Distr.: General
4 April 2002

Original: English

Fifty-sixth session
Agenda items 133 and 139 (a)

Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations

Financing of the activities arising from Security Council resolution 687 (1991): United Nations Iraq-Kuwait Observation Mission

Financial performance report for the period from 1 July 2000 to 30 June 2001 and proposed budget for the period from 1 July 2002 to 30 June 2003 of the United Nations Iraq-Kuwait Observation Mission

Report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the reports of the Secretary-General on the financial performance of the United Nations Iraq-Kuwait Observation Mission (UNIKOM) for the period from 1 July 2000 to 30 June 2001 (A/56/794 and Corr.1) and the proposed budget for the maintenance of the Mission for the period from 1 July 2002 to 30 June 2003 (A/56/820). During its consideration of the reports, the Committee met with representatives of the Secretary-General, as well as with the Chief Administrative Officer of the Mission, who provided additional information and clarifications.

Financial performance report for the period from 1 July 2000 to 30 June 2001

2. By its resolution 54/18 B of 15 June 2000, the General Assembly appropriated an amount of $52,710,270 gross ($50,287,503 net) for the maintenance of UNIKOM for the period from 1 July 2000 to 30 June 2001, inclusive of the amount of $2,501,232 gross ($2,116,566 net) for the support account for peacekeeping operations and the amount of $391,038 gross ($347,937 net) for the United Nations Logistics Base at Brindisi, Italy. Taking into account the two-thirds share of the net amount, equivalent to $33,525,000, to be funded through voluntary contributions from the Government of Kuwait, the amount of $19,185,270 gross ($16,762,503 net) was assessed on Member States.

3. As indicated in the report of the Secretary-General on the financial performance of UNIKOM (A/56/794, para 11), expenditures for the period totalled $50,074,100 gross ($47,870,200 net), inclusive of $12,921,600 in unliquidated obligations. The resulting unencumbered balance of $2,636,200 gross ($2,417,300 net) represents, in gross terms, approximately 5 per cent of the appropriation. The Committee questions the appropriateness of including

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the amounts for the support account for peacekeeping operations and the United Nations Logistics Base at Brindisi when calculating the percentage of unencumbered balance in financial performance reports as against appropriation. The Committee has commented on this issue in its general report on peacekeeping operations (see A/56/887). As indicated in paragraphs 7 to 9 of the report, the unutilized balance was primarily attributable to a higher than estimated vacancy rate for international staff, the lower cost of rotation travel for military personnel and lower requirements for vehicle spare parts, repairs and maintenance, naval operations, commercial communications and miscellaneous supplies and services.

4. The Advisory Committee notes from paragraph 7 of the report that, while a 10 per cent vacancy factor had been applied to the budget for the period for the authorized staffing of 72 international posts, the actual vacancy rate during the period averaged 26 per cent. **The Committee once again expresses its concern regarding the persistence of high vacancy rates in the Mission and requests that future reports include information on measures taken to address this problem, including whether posts that have been vacant for a long duration are actually needed.**

5. The Advisory Committee welcomes the inclusion in table 1 of the Secretary-General's performance report of a breakdown of expenditures for staff security for the period. Upon request, the Committee was provided with similar estimates for the periods ending 30 June 2002 and 30 June 2003 (see annex to the present report). The Committee was informed that UNIKOM depended on the contingents for security in the demilitarized zone and that the total expenditure of $512,800 for security included equipment for contingents.

6. The Advisory Committee notes from annex II, paragraphs 14 and 15, of the Secretary-General's report, that 19 Mission personnel were trained during the reporting period at a total cost of $40,900, as against the apportionment of $15,000. The Committee points out that such a significant variance indicates a lack of proper planning on the part of the Mission. Furthermore, the information given in paragraph 14 is generic; the training programme should be designed to meet the specific needs of the Mission. The Committee notes the emphasis on training in information technology. With an investment of this magnitude in such training, the gains in productivity and management efficiency should be demonstrable.

7. The Advisory Committee was informed that troop-cost reimbursement up to 31 October 2001 totalled $100.3 million, while the amount owed for the period from 1 November 2001 to 31 January 2002 was $3 million. With regard to contingent-owned equipment, the Committee was informed that, as at 31 January 2002, an amount of $10.1 million had been reimbursed and the estimated amount owed was $2.3 million, while unliquidated obligations totalled $2.7 million. In respect of death and disability compensation, $854,272 had been paid as at 31 January 2002 for 17 claims, 7 claims were pending and unliquidated obligations amounted to $1,502,039.

8. The Advisory Committee was also informed that the cash position of UNIKOM as at 11 February 2002 was $59.3 million and that, as at 31 January 2002, unliquidated obligations for the period from 1 July 2000 to 30 June 2001 amounted to $3,534,142, of which $1,970,129 were Government-related and $1,564,013 were not. The total amount assessed on Member States up to 30 April 2002 was $309.1 million, against which the payments received amounted to $292.1 million, leaving an outstanding balance of $17 million.

9. The action to be taken by the General Assembly in connection with the financing of UNIKOM for the period from 1 July 2000 to 30 June 2001 is indicated in paragraph 13 of the Secretary-General's report. **The Advisory Committee recommends that the unencumbered balance of $2,636,200 gross ($2,417,300 net) for the period from 1 July 2000 to 30 June 2001, as well as the interest and other income in the amount of $3,949,000, be credited to Member States, it being understood that two thirds of the amount would first be refunded to the Government of Kuwait.**

Information on performance for the current period

10. The Advisory Committee was informed that, against the authorized staffing establishment of UNIKOM for the period from 1 July 2001 to 30 June 2002 of 906 military contingent personnel, 195 military observers (excluding 105 on standby, who are authorized but not budgeted for), 63 international staff

and 174 local staff, the positions encumbered as at 31 January 2002 were 905 military contingent personnel, 192 military observers, 54 international staff and 165 local staff.

11. The Advisory Committee was provided with expenditure data for the period from 1 July 2001 to 30 June 2002, as at 15 February 2002, for Headquarters and 31 January 2002 for the field. Expenditure for the period amounted to $38,102,700 gross ($34,980,800 net) against an apportionment of $55,937,200 gross ($52,815,300 net).

Cost estimates for the period from 1 July 2002 to 31 June 2003

12. As indicated in paragraph 1 of the report of the Secretary-General on the proposed budget of UNIKOM (A/56/820), the cost of maintaining the Mission for the period from 1 July 2002 to 30 June 2003 is estimated to be $53,340,600 gross ($51,112,700 net), inclusive of budgeted voluntary contributions in kind amounting to $2,767,400. Two thirds of the total amount, or $32,230,200 net, is to be funded through voluntary contributions from the Government of Kuwait. As stated in paragraph 2 of the report, the proposed budget represents a 1.7 per cent decrease ($889,300) in gross terms in relation to the apportionment for the period from 1 July 2001 to 30 June 2002. In paragraph 3 of his report, the Secretary-General proposes assessment of the amount of $18,343,000 gross ($16,115,100 net), representing the balance net of voluntary contributions, for the period from 1 July 2002 to 30 June 2003. The proposed budget that appears in table 1 of his report reflects decreases of $2,825,100, or 12 per cent, in military personnel costs and $711,700, or 5.2 per cent, in civilian personnel costs, offset in part by increases of $2,848,900, or 25.6 per cent, in operational requirements, $55,800, or 52.7 per cent, in other programmes and $97,300, or 4.6 per cent, in staff assessment.

13. The increase in operational requirements relates primarily to higher provisions for utilities, renovation of premises owing to the deterioration caused by the harsh climate, replacement of old or damaged vehicles, increased costs for air operations under the current letter of assist arrangements, replacement of worn or obsolete communications equipment, acquisition of additional satellite and telecommunications equipment, acquisition of additional information technology equipment and replacement of worn or obsolete equipment, and additional requirements under contractual services related to the outsourcing of building maintenance activities, commercial security services and data-processing services.

14. The estimate provides for 195 military observers (excluding 105 on standby, who are authorized but not budgeted for), 904 military contingent personnel, 67 international staff and 168 local staff (see para. 10 above for the current incumbency).

15. The Advisory Committee notes, as indicated in paragraphs 21 and 22 of the report, that the proposed staffing level for the period reflects an increase of four international posts and a reduction of six local posts, for a net reduction of two posts. The proposed changes in staffing are related to the restructuring of the Administrative Division. The General Services Section has been abolished and two new sections have been established: the Supply and Property Management Section and the Safety and Security Section. As a result, proposed staffing changes include one new P-3 post for the Chief of the Security and Safety Section, three new Field Service posts for a Security/Investigation Officer, a Deputy Chief Engineering Officer and a Facilities Management Officer, and the abolition of six local level posts. **The Advisory Committee agrees with the staff changes proposed.**

16. **The Advisory Committee trusts that the addition of a Facilities Management Officer will improve the handling of property and inventory in the Mission. The Committee notes with concern the continuing vacancies in a number of key posts, including Chief Procurement Officer. In this connection, the Committee recalls the recommendation of the Board of Auditors that "the Office of Programme Planning, Budget and Accounts, in conjunction with the Department of Peacekeeping Operations, reconcile all differences in inventory reports and also implement measures to ensure the accurate maintenance of such reports for the disclosure of non-expendable equipment in the financial statements of the United Nations peacekeeping operations" (A/56/5, vol. II, chap. II, para. 23).**

17. The Advisory Committee was informed that at the time of its review of the proposed budget of UNIKOM, there were nine vacant international posts.

The Committee was also informed that as of December 2001 the vacancy rate for UNIKOM was 11 per cent, down from 26 per cent in January 2001. **The Committee welcomes this improvement. However, as stated in paragraph 16 above, the Committee is concerned that a number of key posts remain vacant, including the Chief Procurement Officer and the Chief of Air Operations. As indicated in paragraph 7 of annex I.C of the aforementioned report of the Secretary-General on the proposed budget for UNIKOM (A/56/820), the vacancy factor applied for international staff in the proposed budget is 5 per cent. In the opinion of the Committee, a 10 per cent vacancy factor would be more realistic.**

18. The Advisory Committee enquired about the status of the case before the Administrative Tribunal concerning overpayment of mission subsistence allowance to civilian staff. It was informed that the Tribunal would use the outcome of that case, which would be considered during its summer session in 2002, as a reference for similar cases.

19. The Advisory Committee notes that the proposed training programme would include training for 26 staff (see A/56/820, annex II.A). The proposed budget for the period from 1 July 2001 to 30 June 2002 included provision for training of 29 staff, and the financial performance report for the period from 1 July 2000 to 30 June 2001 reported completion of training for 19 staff. Thus, in a three-year period, a total of 74 staff will have been trained. **The Committee reiterates its view that the number of people to be trained in the Mission seems high in relation to the number of established posts.**

20. The Advisory Committee commends UNIKOM for the efforts it has made to set attainable objectives (see A/56/820, para. 23); however, it recommends that in the future these objectives be simplified and defined more precisely. Furthermore, the number of expected accomplishments and indicators of achievement should be reduced to facilitate evaluation.

21. The action to be taken by the General Assembly in connection with the financing of UNIKOM for the period from 1 July 2002 to 30 June 2003 is indicated in paragraph 3 of the Secretary-General's report on the proposed budget for UNIKOM. **The Advisory Committee recommends that the Assembly (a) approve the appropriation of the amount of $50,573,200 gross ($48,345,300 net) for the maintenance of the Mission for the 12-month period beginning 1 July 2002, including the amount of $32,230,200 net, representing two thirds of the cost, to be funded through voluntary contributions from the Government of Kuwait and (b) approve the assessment of the amount of $18,343,000 gross ($16,115,100 net), representing the balance net of voluntary contributions, at a monthly rate of $1,528,583 gross ($1,342,925 net), subject to a decision by the Security Council, with regard to the termination or continuation of UNIKOM.**

Annex

Expenditures related to staff security for the period 1 July 2001 to 30 June 2002

(United States dollars)

Category of expenditure	*Amount*
International security staff	98 000
Local security personnel	185 000
Alterations and renovations to premises	15 000
Protective vehicles	332 000
Supplies and services	8 000
Total	**638 000**

Expenditures related to staff security for the period 1 July 2002 to 30 June 2003

(United States dollars)

Category of expenditure	*Amount*
International security staff	148 500
Local security personnel	296 600
Alterations and renovations to premises	8 000
Other equipment	30 400
Supplies and services	122 500
Total	**606 000**